

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Methuen Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: August 31, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.35% to 7.15% and a revision to the mortality assumption.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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Enc.



**Methuen Retirement System**  
**January 1, 2020 Actuarial Valuation**

Total cost increases 7% in FY22, then 5% each year until FY35 with a final amortization payment in FY36

<u>Fiscal</u> <u>Year</u>	<u>Normal</u> <u>Cost</u>	<u>Net</u> <u>3(8)(c)</u>	<u>Amort. of</u> <u>UAL</u>	<u>Amort. of</u> <u>2002 ERI</u>	<u>Amort. of</u> <u>2003 ERI</u>	<u>Amort. of</u> <u>2010 ERI</u>	<u>Pension</u> <u>Holiday</u>	<u>Total</u> <u>Cost</u>	<u>Unfunded</u> <u>Act. Liab.</u>	<u>% Increase</u> <u>Total Cost</u>
2021	3,924,006	90,000	8,943,892	245,671	285,674	221,741	86,944	13,797,928	135,261,644	
2022	4,100,586	90,000	9,705,343	256,726	298,529	221,741	90,857	14,763,783	134,449,379	7.0%
2023	4,285,113	90,000	10,451,672	268,279	311,963		94,945	15,501,972	132,733,330	5.0%
2024	4,477,943	90,000	11,003,557	280,351	326,001		99,218	16,277,071	130,301,333	5.0%
2025	4,679,450	90,000	11,584,153	292,967	340,671		103,683	17,090,924	127,071,548	5.0%
2026	4,890,026	90,000	12,965,445					17,945,470	122,954,704	5.0%
2027	5,110,077	90,000	13,642,667					18,842,744	117,853,492	5.0%
2028	5,340,030	90,000	14,354,851					19,784,881	111,661,898	5.0%
2029	5,580,332	90,000	15,103,794					20,774,125	104,264,501	5.0%
2030	5,831,447	90,000	15,891,385					21,812,832	95,535,698	5.0%
2031	6,093,862	90,000	16,719,611					22,903,473	85,338,882	5.0%
2032	6,368,085	90,000	17,590,561					24,048,647	73,525,548	5.0%
2033	6,654,649	90,000	18,506,430					25,251,079	59,934,339	5.0%
2034	6,954,108	90,000	19,469,525					26,513,633	44,390,004	5.0%
2035	7,267,043	90,000	20,482,271					27,839,315	26,702,294	5.0%
2036	7,594,060	90,000	6,664,754					14,348,815	6,664,754	-48.5%
2037	7,935,793	90,000						8,025,793	0	-44.1%

Appropriation payments assumed to be made on July 1 of each fiscal year.

Total appropriation assumed to increase 7.0% in FY22, then 5.0% each year until FY35 with a final amortization payment in FY36.

FY21 normal cost includes assumed expenses of \$850,000 and is assumed to increase 4.5% per year.

FY21 appropriation was maintained at the same level as the current schedule.